



**DEFENSE FINANCE AND ACCOUNTING SERVICE**  
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IN REPLY  
REFER TO

DFAS-CO/JFPA

APRIL 18, 2000

MEMORANDUM FOR ALL ASSOCIATES, DFAS-CO/J

SUBJECT: Special Payment Instruction Requirement for Mixed-Type Contract

**Definition:**

a. Contracts that contain cost-type line items, as well as firm fixed price (FFP) line items, are referred to as mixed-type contracts. Invoicing against these types of contracts is accomplished on BVNs (cost vouchers) and commercial invoices. On mixed-type contracts, it would also be possible to have progress payments against the firm fixed price items. However, the progress payments must be limited to the FFP portion. Recoupments against the progressed amounts must be limited to the commercial invoices, **i.e. recoupment should NOT be taken against the cost portion, BVNs.**

b. A problem has been identified on BVN (cost voucher) payments, against mixed-type contracts, when progress payments have previously been made. MOCAS, through the Automatic Payment of Invoices (API) process, is recouping against BVNs. In order to prevent this type of situation, effective immediately, the following actions will occur.

**Contract Input:**

During initial input of a mixed-type contract, contract input is required to enter a BVN Special Payment Instruction that states **“This is a mixed-type contract. Do not recoup against BVNs.”** This instruction should be in addition to any other special payment instructions that are to be entered. In addition, in order to ensure that progress payments are not disbursed against the cost-type items, when the contract authorizes progress payments, enter a Progress Payment Special Payment Instruction that states **“Progress Payments are authorized on CLINs (list the FFP line items).”**

**Errors Discovered Following Initial Input:**

When it is discovered that recoupment has been taken against BVNs, immediately issue a refund to the contractor for any amounts recouped from the API payment of the BVN. Forward, to Contract Input, a request to have a BVN Special Payment Instruction entered into MOCAS. The instruction should read **“This is a mixed-type contract. Do not recoup against BVNs.”** In addition, request that a Progress Payment Special Payment Instruction be entered that states **“Progress Payments are authorized on CLINs (list the FFP line items).”**

This guidance impacts Desk Procedure 201, Initial Contract Input. This change will be incorporated into the next change to the procedure. Please ensure that this guidance is disseminated to all associates. This guidance can be accessed via the CED Infoweb at <http://infoweb-co-ced.dfas.mil/>.

If you have any further questions, please contact Mr. Dan Harvey, DFAS-CO/JFPA, at DSN 869-8933 or 614-693-8933.

/s/

David Yonce  
Chief, Policy and  
Procedures Branch

cc:  
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